

**CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION**

**FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2023**

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**CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION**

**DIRECTORY OF PRINCIPAL OFFICIALS**

**BOARD OF DIRECTORS**

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Richard Conner, Chair  
Town of Appomattox, Virginia

Jeff Hegelson, Vice Chair  
City of Lynchburg

Alexander W. Brebner, Secretary  
Central Virginia Planning District Commission

Terry McGhee, Treasury  
Town of Appomattox, Virginia

**KEY EMPLOYEES**

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Traci Blido, Workforce Development Director

Alexander W. Brebner, Executive Director

Kelly Hitchcock, Planning and Development Director

Sandy Dobyys, Finance Director



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**Independent Auditors' Report**

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**To the Board of Directors  
Central Virginia Planning District Commission  
Lynchburg, Virginia**

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of the business-type activities of Central Virginia Planning District Commission, as of and for the years ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Central Virginia Planning District Commission's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Central Virginia Planning District Commission, as of June 30, 2023, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Central Virginia Planning District Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Central Virginia Planning District Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditors' Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Central Virginia Planning District Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Central Virginia Planning District Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Report on Summarized Comparative Information***

We have previously audited Central Virginia Planning District Commission's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 30, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects with the audited financial statements from which it has been derived.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Central Virginia Planning District Commission's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2023, on our consideration of Central Virginia Planning District Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Central Virginia Planning District Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central Virginia Planning District Commission's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
December 13, 2023

**To the Board of Directors  
Central Virginia Planning District Commission  
Lynchburg, Virginia**

As management of the Central Virginia Planning District Commission, (the "Commission"), we offer readers of our financial statements this narrative and overview and analysis of the financial activities of the Commission for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements section of this report.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Commission's basic financial statements. The Commission's annual financial report consists of three basic financial statements: a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. For ease of presentation, all statements are in a condensed format. This report also contains other required supplementary information in addition to the basic financial statements themselves.

The statement of net position presents information on the Commission's assets, deferred outflows, deferred inflows and liabilities. Equity of the Commission is reported as net position. Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, reduced by accumulated depreciation and by any outstanding debt, deferred outflows of resources and deferred inflows of resources related to the acquisition, construction or improvement of those assets. Restricted net position represents restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The statement of revenues, expenses and changes in net position presents information showing how the Commission's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The statement of cash flows indicates the net increase or decrease of cash resources for the Commission during the year and the activities that produced the increase or decrease. The statement concludes with a reconciliation tying the beginning cash balance and results for the year to the ending balance.

Notes to financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 11 through 41 of this report.

Other information. In addition to the basic financial statements and accompanying notes, certain required supplementary information concerning the Commission's funding of its obligation to provide Virginia Retirement System Benefits and other post-employment benefits to its employees is located immediately following the notes to financial statements.

**Financial Highlights**

The assets and deferred outflows of resources of the Commission exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$10,509,986 (net position). Of this amount \$1,791,299 (unrestricted) may be used to meet the Commission's ongoing obligations to customers and creditors.

The Commission's total net position increased by \$75,790 in the most recent fiscal year.

**Financial Highlights: (Continued)**

As noted earlier, net position may serve over time as a useful indicator of a Commission's financial position. In the case of the Commission, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,509,986 at the close of the most recent fiscal year.

	<b>Net Position</b>	
	<b>2023</b>	<b>2022</b>
Current and other assets	\$ 2,920,061	\$ 3,524,754
Capital assets	12,807,107	12,929,413
Total assets	<u>\$ 15,727,168</u>	<u>\$ 16,454,167</u>
Deferred outflows of resources	<u>\$ 50,344</u>	<u>\$ 89,551</u>
Current liabilities	\$ 232,608	\$ 114,422
Long-term liabilities	4,849,568	5,646,613
Total liabilities	<u>\$ 5,082,176</u>	<u>\$ 5,761,035</u>
Deferred inflows of resources	<u>\$ 185,350</u>	<u>\$ 348,487</u>
Net position:		
Net investment in capital assets	\$ 8,012,677	\$ 7,334,667
Restricted - net pension asset	706,010	757,067
Unrestricted	1,791,299	2,342,462
Total net position	<u>\$ 10,509,986</u>	<u>\$ 10,434,196</u>

The table below is a summary of the changes in net position.

	<b>Change in Net Position</b>	
	<b>2023</b>	<b>2022</b>
Revenues:		
Operating revenues, other than dues	\$ 3,180,715	\$ 3,197,765
Participating government operating contributions (dues)	715,609	158,836
Nonoperating revenue	1,126,366	1,015,198
Total revenues	<u>\$ 5,022,690</u>	<u>\$ 4,371,799</u>
Expenses:		
Operating expenses	\$ 5,067,325	\$ 4,318,819
Interest expense	78,423	98,399
Bond issuance costs	-	55,000
Total expenses	<u>\$ 5,145,748</u>	<u>\$ 4,472,218</u>
Capital contributions	<u>\$ 198,848</u>	<u>\$ 53,876</u>
Change in net position	\$ 75,790	\$ (46,543)
Net position - July 1	<u>10,434,196</u>	<u>10,480,739</u>
Net position - June 30	<u>\$ 10,509,986</u>	<u>\$ 10,434,196</u>

The Commission receives capital contributions from Campbell County in order for the county to participate in the Radio Board. Total revenues, including capital contributions, increased \$795,863 from fiscal year 2023 to fiscal year 2022, while expenses increased \$673,530 over the same periods.



## Capital Asset Administration

The Commission's investment in capital assets as of June 30, 2023 amounted to \$12,807,107 (net of accumulated depreciation). Investment in capital assets decreased .95% during the year. Below is a comparison of the items that made up capital assets as of June 30, 2023 and June 30, 2022.

	Capital Assets	
	2023	2022
Land	\$ 100,000	\$ 100,000
Construction in progress	-	495,000
Regional radio	12,046,236	11,854,451
Furniture and equipment	220	4,832
Leased land	162,064	177,747
Leased office space	351,052	7,682
Leased tower space	147,535	289,701
Total Capital Assets	\$ 12,807,107	\$ 12,929,413

## Review of Operations

The Central Virginia Planning District Commission has served the local governments of the Lynchburg Metropolitan Area since 1969 with planning, grant writing, and project management services. The CVPDC is fulfilling its mission to be a dynamic public forum for matters of regional significance; to create solutions by coordinating plans and building coalitions; and to provide service excellence to Central Virginia localities and the Commonwealth.

## Staffing Services

The Planning District Commission continues to provide staffing services to important regional organizations:

- Central Virginia Transportation Planning Organization (TPO)
- Central Virginia Radio Communications Board
- Region 2000 Services Authority
- Central Virginia Workforce Development Board and Workforce Council
- Ride Solutions

These organizations provide valuable services to the community. Having staff to serve these organizations under the Planning District Commission framework allows for more cost effective, uniform, transparent, and responsive staffing delivery services.

## Radio Board

The Central Virginia Radio Communications Board continues to provide a public safety grade communications network for Lynchburg, Amherst and Bedford.

Other organizations such as Liberty University, the Central Virginia Community College, the Region 2000 Services Authority, the Blue Ridge Regional Jail and the Greater Lynchburg Transit Company also use this communications system.

This interoperable and redundant radio communications system provides valuable services in the event of a local or regional public safety event.

## **Convening Regional Conversations**

The Planning District Commission hosted special guests from the US Congress (Representative Bob Good), the General Assembly (Delegate Wendell Walker and Senator John McGuire), GO Virginia Region 2 Council (Janice Crawford and Luke Towles), and the Virginia Association of PDCs (Executive Director David Blount) in 2023. These conversations focused on economic development opportunities in Central Virginia and opportunities to tap state and federal resources in collaboration with regional partners and statewide networks.

CVPDC hosted county administrators, public safety directors, and CVCC educators to discuss personnel shortages among firefighters, paramedics, and emergency medical technicians. Meanwhile, CVCC parlayed investments in its CTE Academy by CVPDC and GO Virginia into a Lab School Planning Grant enabling continued growth of career and technical education in Central Virginia.

Appomattox Christian Academy Board Chairman Bruce Boone presented the ACA Classical & CTE Institute to the Planning District Commission in March. ACA's rehabilitation of the former Carver-Price School opens new and enhanced educational opportunities and community facilities in the town of Appomattox. Central Virginia Community College will expand its welding and EMT training programs at the Institute. CVPDC successfully assisted project partners ACA, Appomattox County, and CVCC with grant applications totaling \$883,000 in 2023 from the Virginia Tobacco Region Revitalization Commission and Growth & Opportunity Virginia.

## **Advancing Transportation**

CVPDC was awarded a \$280,000 grant to commission a comprehensive safety action plan for the region. The initiative will consider policies, programs, and projects that make our transportation network safer for all users. VDOT's Safety Office is supporting the effort with comprehensive data analysis.

CVPDC houses the Central Virginia Transportation Planning Organization, which approved its first Public Participation and Title VI Plans. CVPDC successfully applied to SMART SCALE for \$10.5 million to fund safety improvements on US-460 at Timber Ridge Road in Bedford County. 394 citizens used CVPDC's Ride Solutions program to reduce nearly 100,000 vehicle miles traveled on our region's roadways.

## **Facilitating Public Safety**

The Central Virginia Radio Communications Board welcomed Campbell County into the fold, thus providing interoperable emergency services communications throughout most of the region. The Radio Board developed a plan to transition radios to Phase 2, which increases network capacity with the latest technology.

The Radio Board was awarded a \$250,000 State Homeland Security Program grant to fund generators at three tower sites. Thanks go to Campbell County for filing the application to VDEM on behalf of the region.

## **Investing in Communities**

CVPDC is investing \$2 million from Virginia Housing in 63 affordable housing units of all types across the region. The town of Altavista joins non-profit and for-profit organizations in creating new single- and multi-family homes for prospective renters and owners alike.

CVPDC assisted the Town of Bedford, the Town of Altavista and Amherst County with successful CDBG applications for revitalization of the Hilltop Neighborhood, Mosley Heights, and Madison Heights. Bedford received a \$1 million award for rehabilitation of 11 homes following successful execution of Phase 1.

## **Safeguarding the Landscape**

CVPDC is investing a \$500,000 grant from the US Environmental Protection Agency to assess “brownfields” - properties in which redevelopment or reuse is complicated by the presence of hazardous materials, pollution, or contaminants - for remediation. The portfolio of projects includes an area-wide plan in the heart of Appomattox.

CVPDC further received grants to commission a regional resiliency plan and a preservation plan for the James River. Central Virginia’s current hazard mitigation plan positioned the town of Altavista to receive a \$300,000 grant to stabilize the banks of the Staunton River in English Park, a project that CVPDC staff will manage in 2024.

## **Supporting the Region Through Financial Management**

CVPDC provides financial and human resources management to the Central Virginia Workforce Development Board (CVWDB) and the Region 2000 Services Authority. CVWDB is navigating the transition to the commonwealth’s new Department of Workforce Development and Advancement and implementing two grants made available by Governor Youngkin’s administration directed toward younger job seekers. The staff of the Workforce Development Board (dba Virginia Career Works - Central Region) connects businesses and job seekers through a statewide network of employment professionals.

The Region 2000 Services Authority manages municipal solid waste on behalf of Campbell County, the city of Lynchburg, Appomattox County, and Nelson County. The Authority is managing the Concord Turnpike landfills during its post-closure maintenance period and receiving waste at its Livestock Road facility near Rustburg. The Authority recently completed construction on Phase 5, providing capacity into 2029.

## **Requests for Information**

This financial report is designed to provide a general overview of the Commission’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, 828 Main Street, 12<sup>th</sup> Floor, Lynchburg, VA 24504.

## **Basic Financial Statements**

STATEMENT OF NET POSITION  
 AT JUNE 30, 2023  
 WITH COMPARATIVE TOTALS AT JUNE 30, 2022

	At June 30,	
	2023	2022
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents (Note 2)	\$ 1,875,819	\$ 2,293,982
Accounts/grants receivable/Due from other governments (Note 3)	297,277	434,810
Prepaid expenses	40,955	38,895
Total current assets	\$ 2,214,051	\$ 2,767,687
<b>Long-term assets:</b>		
Net pension asset (Note 5)	\$ 706,010	\$ 757,067
Capital assets, net (Note 4)	12,807,107	12,929,413
Total long-term assets	\$ 13,513,117	\$ 13,686,480
Total assets	\$ 15,727,168	\$ 16,454,167
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related items	\$ 38,856	\$ 74,481
OPEB related items	11,488	15,070
Total deferred outflows of resources	\$ 50,344	\$ 89,551
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable and other liabilities	\$ 179,927	\$ 32,787
Accrued interest payable	9,405	11,670
Funds held for others	5,072	5,687
Compensated absences (Note 6)	38,204	64,278
Revenue bonds, current portion (Note 13)	1,007,000	992,000
Lease liabilities, current portion (Note 13)	143,619	156,517
Total current liabilities	\$ 1,383,227	\$ 1,262,939
<b>Long-term liabilities:</b>		
Revenue bonds, less current portion (Note 13)	\$ 3,112,000	\$ 4,119,000
Lease liabilities, less current portion (Note 13)	531,811	327,229
Net OPEB liabilities	55,138	51,867
Total long-term liabilities	\$ 3,698,949	\$ 4,498,096
Total liabilities	\$ 5,082,176	\$ 5,761,035
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related items	\$ 114,887	\$ 255,717
OPEB related items	70,463	92,770
Total deferred inflows of resources	\$ 185,350	\$ 348,487
<b>NET POSITION</b>		
Net investment in capital assets	\$ 8,012,677	\$ 7,334,667
Restricted - net pension asset	706,010	757,067
Unrestricted	1,791,299	2,342,462
Total net position	\$ 10,509,986	\$ 10,434,196

The accompanying notes to financial statements are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 YEAR ENDED JUNE 30, 2023  
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022

	Year Ended June 30,	
	2023	2022
<b>Operating Revenues</b>		
Grants		
Commonwealth of Virginia		
Department of Housing and Community Development	\$ 89,971	\$ 97,971
Department of Transportation	30,946	48,001
Federal		
Department of Transportation - Highway Planning and Construction	96,367	180,737
Department of Transportation - Planning	27,844	50,226
Environmental Protection Agency		
Chesapeake Bay Program	43,500	58,000
Brownfields Grant	41,898	-
Workforce Investment Act		
Adult Programs	505,711	525,007
Youth Programs	630,739	524,838
Dislocated Worker Formula Grants	341,030	316,749
Department of Treasury - Coronavirus Relief Funds	-	4,733
Other Revenue		
Regional Radio Board	1,237,504	1,156,297
Dues and matching funds - participating localities	715,609	158,836
Grant management and other fees	60,000	171,164
Miscellaneous	75,205	64,042
Total operating revenues	\$ 3,896,324	\$ 3,356,601
<b>Operating Expenses</b>		
Administrative		
Salaries	\$ 105,580	\$ 91,067
Fringe benefits	50,818	52,334
Other unallocated overhead	157,719	284,879
Program		
Allocated administrative salaries	490,725	505,338
Allocated fringe benefits	237,324	290,408
Direct program	4,025,159	3,094,793
Total operating expenses	\$ 5,067,325	\$ 4,318,819
Operating income (loss)	\$ (1,171,001)	\$ (962,218)
<b>Nonoperating Revenues (Expenses)</b>		
Interest income	\$ 57,941	\$ 4,522
Interest expense	(78,423)	(98,399)
Bond issuance costs	-	(55,000)
Loss on disposal of property and equipment	-	-
Member jurisdiction payments	1,068,425	1,010,676
Total nonoperating revenues (expenses)	\$ 1,047,943	\$ 861,799
Income (loss) before contributions	\$ (123,058)	\$ (100,419)
Capital contributions	\$ 198,848	\$ 53,876
Change in net position	\$ 75,790	\$ (46,543)
Net position - beginning at July 1	10,434,196	10,480,739
Net position - ending at June 30	\$ 10,509,986	\$ 10,434,196

The accompanying notes to financial statements are an integral part of this statement.

**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2023**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Year Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
<b>Cash Flow From Operating Activities</b>		
Receipts from granting agencies and participating localities	\$ 4,033,857	\$ 3,454,484
Payments to suppliers	(2,772,250)	(2,428,318)
Payments to and on behalf of employees	(980,123)	(1,011,693)
Net cash provided by (used for) operating activities	<u>\$ 281,484</u>	<u>\$ 14,473</u>
<b>Cash Flow From Capital and Related Financing Activities</b>		
Purchase of capital assets	\$ (800,880)	\$ (962,380)
Capital contributions	198,848	53,876
Member jurisdiction payments	1,068,425	1,010,676
Principal payments on leases	(151,293)	(1,074,773)
Principal payments on bonds	(992,000)	
Interest paid on bonds and leases	(80,688)	(117,028)
Payment of bond issue costs	-	(55,000)
Refunding of bonds	-	(5,980,000)
Proceeds from the issuance of debt	-	6,035,000
Net cash provided by (used for) capital and related financing activities	<u>\$ (757,588)</u>	<u>\$ (1,089,629)</u>
<b>Cash Flow From Investing Activities</b>		
Interest income	\$ 57,941	\$ 4,522
Net cash provided by (used for) investing activities	<u>\$ 57,941</u>	<u>\$ 4,522</u>
Net increase (decrease) in cash and cash equivalents	\$ (418,163)	\$ (1,070,634)
Cash and cash equivalents at beginning of year	<u>2,293,982</u>	<u>3,364,616</u>
Cash and cash equivalents at end of year	<u>\$ 1,875,819</u>	<u>\$ 2,293,982</u>
<b>Reconciliation of Operating income (loss) to Net Cash provided by (used for) operating activities</b>		
Operating income (loss)	\$ (1,171,001)	\$ (962,218)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation and amortization	1,266,163	1,126,922
Loss on disposal of property and equipment	-	-
Accounts and grants receivable	137,533	97,883
Prepaid expenses	(2,060)	(32,160)
Net pension asset	51,057	(316,704)
Deferred outflows - pension related items	35,625	33,823
Deferred outflows - OPEB related items	3,582	3,024
Accounts payable	147,140	(144,053)
Funds held for others	(615)	645
Compensated absences	(26,074)	-
Net OPEB liabilities	3,271	(90,381)
Deferred inflows - pension related items	(140,830)	222,498
Deferred inflows - OPEB related items	(22,307)	75,194
Net cash provided by (used for) operating activities	<u>\$ 281,484</u>	<u>\$ 14,473</u>

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

---

Financial reporting entity:

The Central Virginia Planning District Commission (the “Commission”) is a political subdivision of the Commonwealth of Virginia. It was established pursuant to the Virginia Area Development Act and by joint resolution of the governing bodies of its constituent jurisdictions. Those jurisdictions comprising the Commission’s regional area are the counties of Amherst, Appomattox, Bedford, and Campbell; the City of Lynchburg; and the towns of Altavista, Amherst, Appomattox, Bedford, and Brookneal. The purpose of the Commission is to promote the orderly and efficient development of the physical, social, and economic elements of the region by means of regional planning and fostering regional cooperation among the several region governments.

Measurement focus and basis of accounting:

The Commission’s financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The Commission distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Commission’s principal ongoing operations. The principal operating revenues of the Commission are grants received from state and federal agencies and operating contributions from member jurisdictions. Operating expenses include program and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and cash equivalents:

For purposes of the statement of cash flows, cash and cash equivalents are defined as short-term, highly liquid investments with an original maturity of three months or less from the date of acquisition.

Valuation of receivables:

Receivables are stated at face amount with no allowance for doubtful accounts because probable uncollectible accounts are immaterial.

Capital assets:

Capital assets are tangible and intangible assets, which include property, plant, equipment, lease, subscription. Capital assets are defined as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of two years. As the Commission constructs or acquires capital assets each period they are capitalized and reported at historical cost (except for intangible right-to-use lease and subscription assets, the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset’s capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the



CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 (CONTINUED)

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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Capital assets: (Continued)

same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class. Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, subscription assets, and infrastructure of the primary government, as well as the component unit, are depreciated/amortized using the straight-line method over the following estimated useful lives:

Buildings and other improvements	15-39 years
Furnishings and leasehold improvements	3-7 years
Equipment and software	3-5 years
Lease office space	7 years

Leases:

The Commission leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

*Lessee*

The Commission recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$2,000, individually or in the aggregate. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

*Key Estimates and Judgments*

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Commission uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Commission uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability.

The Commission monitors changes in circumstances that would require a remeasurement or modification of its leases. The Commission will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 (CONTINUED)

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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Compensated absences:

Each year employees accumulate a specified number of days of leave with pay based on years of service. The liability for compensated absences reflects unused leave as of June 30, including applicable employer taxes.

Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Reclassifications:

Certain amounts in the prior year's financial statement have been reclassified to conform to the current year's presentation.

Net position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, reduced by accumulated depreciation and amortization and by any outstanding debt, deferred outflows of resources and deferred inflows of resources related to the acquisition, construction or improvement of those assets. Restricted net position represents restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Sometimes the Commission will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Commission's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Deferred outflows/inflows of resources:

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Commission only has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on this item, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Commission has one type of item that qualifies for reporting in this category. Certain items related to pension and OPEB are reported as deferred inflows of resources. For more detailed information on this item, reference the related notes.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 (CONTINUED)

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NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

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Pensions:

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Commission's Retirement Plan and the additions to/deductions from the Commission's fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other postemployment benefits - group life insurance:

For purposes of measuring the net GLI OPEB Plan liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI OPEB Plan and the additions to/deductions from the VRS GLI OPEB's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2—DEPOSITS AND INVESTMENTS:

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Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

The Commission does not have a formal investment policy.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 (CONTINUED)

NOTE 2—DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities

The Commission’s rated debt investments as of June 30, 2023 were rated by Standard & Poor’s, and or an equivalent national rating organization and the ratings are presented below using the Standard & Poor’s rating scale.

<b>Commission’s Rated Debt Investments’ Values</b>	
	<b>Fair Quality Ratings</b>
	<b>AAAm</b>
Local Government Investment Pool	\$ 1,103,111
VIP Stable NAV Liquidity Pool	<u>203,603</u>
Total	<u>\$ 1,306,714</u>

Fair Value Measurements: Fair value of the Virginia Investment Pool (VIP) is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Commission has measured fair value of the above investments at the net asset value (NAV).

Redemption Restrictions: The Commission is limited to two VIP Stable NAV Liquidity Pool withdrawals per month which requires a five day notice.

Interest Rate Risk

	<b>Investment Maturities (in years)</b>	
	<b>Fair Value</b>	<b>Less Than 1 Year</b>
Local Government Investment Pool	\$ 1,103,111	\$ 1,103,111
VIP Stable NAV Liquidity Pool	<u>203,603</u>	<u>203,603</u>
	<u>\$ 1,306,714</u>	<u>\$ 1,306,714</u>

External Investment Pool

The value of the positions in the external investment pool (Local Government Investment Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 (CONTINUED)

NOTE 3—ACCOUNTS/GRANTS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS:

Accounts and grants receivable are as follows:

	<u>2023</u>	<u>2022</u>
Virginia Department of Transportation	\$ 34,386	\$ 109,741
Virginia Department of Rail and Public Transportation	19,783	10,966
Virginia Department of Emergency Management	-	29,764
Virginia Employment Commission	43,549	19,293
VCCS for Workforce Investment Opportunity Act	46,498	238,639
VHDA - Community Impact Grant	83,229	-
Environmental Protection Agency	26,131	-
Town of Bedford	-	17,378
Region 2000 Services Authority	30,162	513
Radio Board	4,866	-
Others	8,673	8,516
Total	<u>\$ 297,277</u>	<u>\$ 434,810</u>

NOTE 4—CAPITAL ASSETS:

Capital asset activity was as follows:

<u>2023</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclassifications</u>	<u>Ending Balance</u>
<b>Capital assets not being depreciated:</b>					
Land	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Construction in progress	495,000	669,309	1,164,309	-	-
Total capital assets not being depreciated	<u>\$ 595,000</u>	<u>\$ 669,309</u>	<u>\$ 1,164,309</u>	<u>\$ -</u>	<u>\$ 100,000</u>
<b>Other capital assets:</b>					
Leasehold improvements	\$ 12,212	\$ -	\$ -	\$ -	\$ 12,212
Regional radio	17,337,793	1,295,880	-	-	18,633,673
Furniture and equipment	80,201	-	-	-	80,201
Lease land	193,430	-	-	-	193,430
Lease office space	81,378	379,826	153,535	72,157	379,826
Lease tower space	359,711	-	-	(72,157)	287,554
Subtotal other capital assets	<u>\$ 18,064,725</u>	<u>\$ 1,675,706</u>	<u>\$ 153,535</u>	<u>\$ -</u>	<u>\$ 19,586,896</u>
<b>Accumulated depreciation and amortization</b>					
Leasehold improvements	\$ 12,212	\$ -	\$ -	\$ -	\$ 12,212
Regional radio	5,483,342	1,104,095	-	-	6,587,437
Furniture and equipment	75,369	4,612	-	-	79,981
Lease land	15,683	15,683	-	-	31,366
Lease office space	73,696	71,764	116,686	-	28,774
Lease tower space	70,010	70,009	-	-	140,019
Subtotal accumulated depreciation and amortization	<u>\$ 5,730,312</u>	<u>\$ 1,266,163</u>	<u>\$ 116,686</u>	<u>\$ -</u>	<u>\$ 6,879,789</u>
Other capital assets, net	<u>\$ 12,334,413</u>	<u>\$ 409,543</u>	<u>\$ 36,849</u>	<u>\$ -</u>	<u>\$ 12,707,107</u>
Total capital assets, net	<u>\$ 12,929,413</u>	<u>\$ 1,078,852</u>	<u>\$ 1,201,158</u>	<u>\$ -</u>	<u>\$ 12,807,107</u>

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 (CONTINUED)

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NOTE 5—PENSION PLAN:

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*Plan Description*

All full-time, salaried permanent employees of the Commission are automatically covered by VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. However, one other entity whose financial information is not included in this report, Region 2000 Services Authority, participates in the VRS plan and reports their proportionate information on the basis of a cost-sharing plan. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

*Benefit Structures*

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 (CONTINUED)

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NOTE 5—PENSION PLAN: (CONTINUED)

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*Average Final Compensation and Service Retirement Multiplier*

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

*Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits*

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

*Contributions*

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Commission's contractually required employer contribution rate for the year ended June 30, 2023 and 2022 was 2.68% and 4.20% of covered employee compensation, respectively. The rates are based on an actuarially determined rate from actuarial valuations as of June 30, 2021.

The rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during each year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Commission were \$25,609 and \$33,701 for the years ended June 30, 2023 and June 30, 2022, respectively.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 (CONTINUED)

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NOTE 5—PENSION PLAN: (CONTINUED)

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*Net Pension Asset*

At June 30, 2023, the Commission reported an asset of \$706,010, for its proportionate share of the net pension asset. The Commission's net pension asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. The Commission's proportionate share of the same was calculated using creditable compensation as of June 30, 2022 as a basis for allocation. At June 30, 2022, the Commission's proportion was 43.91%.

*Actuarial Assumptions - General Employees*

The total pension liability for General Employees in the Commission's Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

All Others (Non 10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years



CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2023 (CONTINUED)

NOTE 5—PENSION PLAN: (CONTINUED)

*Actuarial Assumptions - General Employees: (Continued)*

Mortality rates: (Continued)

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board Action are as follows:

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 (CONTINUED)

NOTE 5—PENSION PLAN: (CONTINUED)

*Long-Term Expected Rate of Return*

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
 Total	 <u>100.00%</u>		 <u>5.33%</u>
		Inflation	2.50%
		Expected arithmetic nominal return**	<u>7.83%</u>

\* The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

\*\* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2023 (CONTINUED)

NOTE 5—PENSION PLAN: (CONTINUED)

*Discount Rate*

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Commission was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Commission’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the Commission’s proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the Commission’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	<u>Rate</u>		
	<u>(5.75%)</u>	<u>(6.75%)</u>	<u>(7.75%)</u>
Central Virginia Planning District Commission's Net Pension Liability (Asset)	\$ (425,413)	\$ (706,010)	\$ (846,960)

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 (CONTINUED)

NOTE 5—PENSION PLAN: (CONTINUED)

*Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ended June 30, 2023, the Commission recognized pension expense of (\$54,148).

At June 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 7,785	\$ 53,527
Change in assumptions	11,827	-
Net difference between projected and actual earnings on pension plan investments	-	61,360
Employer contributions subsequent to the measurement date	<u>19,244</u>	<u>-</u>
Total	<u>\$ 38,856</u>	<u>\$ 114,887</u>

\$19,244 reported as deferred outflows of resources related to pensions resulting from the Commission’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2024	\$ (37,064)
2025	(47,615)
2026	(41,908)
2027	31,313
2028	-

*Pension Plan Data*

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Annual Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 (CONTINUED)

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**NOTE 6—COMPENSATED ABSENCES:**

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Following is a summary of changes in compensated absences:

	<u>2023</u>
Balance, July 1	\$ 71,794
Increase (decrease)	(33,590)
Balance, June 30	<u>\$ 38,204</u>

**NOTE 7—RISK MANAGEMENT:**

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The Commission is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Commission joined together with other local governments in the Commonwealth to form the Virginia Association of Counties Group Self-Insurance Risk Pool, a public entity risk pool currently operating as a common risk management and insurance program for member governments. The Commission pays an annual premium to the pool for its workers compensation coverage, property and liability insurance. The Agreement for Formation of the association provides that the association will be self-sustaining through member premiums. Settled claims have not exceeded pool coverage in any of the past three fiscal years.

**NOTE 8—REGION 2000 SERVICES AUTHORITY:**

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In June 2008, the Commission entered into an agreement with the Region 2000 Services Authority to provide management and operations services for the Services Authority. The Commission is responsible for all of the financial operations and day to day operation of the landfills owned by the Authority. The Authority shall pay the Commission for the actual cost of the employees at the Commission who provide administrative support for the Authority's operations plus an administrative overhead rate.

**NOTE 9—OTHER POSTEMPLOYMENT BENEFITS:**

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Health Insurance

**Plan Description**

In addition to the pension benefits described in Note 5, the Commission administers a single-employer defined benefit healthcare plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the Commission's pension plans. The plan does not issue a publicly available financial report.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 (CONTINUED)

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NOTE 9—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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Health Insurance: (Continued)

**Benefits Provided**

Participants in Central Virginia Planning District Commission’s OPEB plan must meet the eligibility requirements for retirement of the Virginia Retirement System to be eligible for benefits upon retirement. Participants must also retire directly from active service and meet one of the following criteria to be eligible:

- **Participants Hired by the Commission before July 1, 2006:** Attain the age of 50 with at least 10 years of consecutive service with the Commission.
- **Participants Hired by the Commission on or after July 1, 2006, but before April 17, 2009:** Attain the age of 50 with at least 20 years of consecutive service with the Commission.
- **Participants Hired by the Commission on or after April 17, 2009:** Not eligible to continue medical coverage into retirement.

**Plan Membership**

At June 30, 2023 (measurement date), the following employees were covered by the benefit terms (includes Region 2000 Services Authority and Central Virginia Planning District Commission employees):

Total active employees with coverage	<u>11</u>
Total	<u><u>11</u></u>

**Contributions**

The Commission does not pre-fund benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the Commission. The amount paid by the Commission for OPEB as the benefits came due during the years ended June 30, 2023 and 2022 was \$1,430.

**Total OPEB Liability**

The Commission’s total OPEB liability was measured as of June 30, 2023. The total OPEB liability was determined by an actuarial valuation as of January 1, 2022.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 (CONTINUED)

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NOTE 9—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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Health Insurance: (Continued)

**Actuarial Assumptions**

The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year as of June 30, 2023 and 2022
Salary Increases	Graded scale
Discount Rate	3.65% as of June 30, 2023; 3.54% as of June 30, 2022

**Mortality Rates**

The mortality rates for active and healthy retirees was calculated using the RP-2014 Total Dataset Mortality Table fully generational using scale BB to 2020. The mortality rates for disabled retirees was calculated using the RP-2014 Disabled Mortality Table projected with Scale BB to 2020.

**Discount Rate**

The discount rate is based on the yield or index rate for 20 year tax exempt general obligation municipal bonds within an average rating of AA/Aa or higher as of the respective measurement dates. This rate was 3.65% as of June 30, 2023.

**Changes in Total OPEB Liability**

	<u>2023</u>	<u>2022</u>
Balances at Beginning of Year	\$ 10,866	\$ 75,931
Changes for the year:		
Service cost	4,205	4,625
Interest	509	1,725
Difference between expected and actual experience	-	(71,522)
Changes in assumptions	647	1,534
Benefit payments	(1,430)	(1,427)
Net changes	<u>\$ 3,931</u>	<u>\$ (65,065)</u>
Balances at End of Year	<u>\$ 14,797</u>	<u>\$ 10,866</u>

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 (CONTINUED)

NOTE 9—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Health Insurance: (Continued)

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following amounts present the total OPEB liability of the Commission, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.65%) or one percentage point higher (4.65%) than the current discount rate:

<u>1% Decrease (2.65%)</u>	<u>Current Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
\$ 14,251	\$ 14,797	\$ 15,213

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the Commission, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

<u>1% Decrease in Trend Rate</u>	<u>Healthcare Cost Current Trend Rate</u>	<u>1% Increase in Trend Rate</u>
\$ 14,030	\$ 14,797	\$ 15,588

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2023, the Commission recognized OPEB expense in the amount of (\$8,677). At June 30, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 53,946
Changes of assumptions	927	636
Total	<u>\$ 927</u>	<u>\$ 54,582</u>



CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 (CONTINUED)

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NOTE 9—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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Health Insurance: (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2024	\$ (13,409)
2025	(13,426)
2026	(13,427)
2027	(11,165)
2028	(2,228)
Thereafter	-

Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

Group Life Insurance

*Plan Description*

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

*Eligible Employees*

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 (CONTINUED)

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NOTE 9—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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**Group Life Insurance: (Continued)**

***Benefit Amounts***

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.

***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the entity were \$3,958 and \$3,936 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB***

At June 30, 2023, the entity reported a liability of \$40,341 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the participating employer's proportion was 0.0034% as compared to 0.00351% at June 30, 2021.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 (CONTINUED)

NOTE 9—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

*GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB: (Continued)*

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expense of (\$1,389). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 3,194	\$ 1,619
Net difference between projected and actual earnings on GLI OPEB plan investments	-	2,521
Change in assumptions	1,505	3,929
Changes in proportionate share	1,904	7,812
Employer contributions subsequent to the measurement date	<u>3,958</u>	<u>-</u>
Total	<u>\$ 10,561</u>	<u>\$ 15,881</u>

\$3,958 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2023	\$ (1,661)
2024	(1,873)
2025	(3,775)
2026	(1,272)
2027	(697)
Thereafter	-

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 (CONTINUED)

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NOTE 9—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

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Group Life Insurance: (Continued)

*Actuarial Assumptions*

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. The assumptions include several employer groups. Mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation: Locality - General employees	3.50%-5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation

**Mortality Rates - Non-Largest Ten Locality Employers - General Employees**

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 (CONTINUED)

NOTE 9—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

**Group Life Insurance: (Continued)**

***Actuarial Assumptions: (Continued)***

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

***NET GLI OPEB Liability***

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		<b>Group Life Insurance OPEB Plan</b>
		<u>                    </u>
Total GLI OPEB Liability	\$	3,672,085
Plan Fiduciary Net Position		2,467,989
GLI Net OPEB Liability (Asset)	\$	<u>1,204,096</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.21%

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 (CONTINUED)

NOTE 9—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

Group Life Insurance: (Continued)

*NET GLI OPEB Liability: (Continued)*

The total GLI OPEB liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

*Long-Term Expected Rate of Return*

The long-term expected rate of return on the System’s investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System’s investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

\*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

\*\* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 (CONTINUED)

NOTE 9—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

**Group Life Insurance (GLI) Plan: (Continued)**

**Discount Rate**

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

**Sensitivity of the Employer’s Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate**

The following presents the employer’s proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer’s proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Commission's proportionate share of the GLI Plan Net OPEB Liability	\$ 58,701	\$ 40,341	\$ 25,504

**GLI Program Fiduciary Net Position**

Detailed information about the GLI Plan’s Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 (CONTINUED)

NOTE 9—OTHER POSTEMPLOYMENT BENEFITS: (CONTINUED)

OPEB Aggregate Totals

	Central Virginia Planning District Commission			
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Net OPEB Liabilities</u>	<u>OPEB Expense</u>
VRS OPEB Group Life Insurance Plan	\$ 10,561	\$ 15,881	\$ 40,341	\$ (1,389)
Commission's Stand-Alone Plan	927	54,582	14,797	(8,677)
Totals	<u>\$ 11,488</u>	<u>\$ 70,463</u>	<u>\$ 55,138</u>	<u>\$ (10,066)</u>

NOTE 10—INDIRECT COST ALLOCATIONS:

Fringe Benefits

Fringe benefit expense is allocated using the percentage of benefit to total labor costs. The fringe benefit rate developed and used by the Commission for the fiscal year ended June 30, 2023 was 48.32% and was calculated as follows:

Release time salaries	\$ 108,905	
Payroll taxes	51,654	
Insurance	94,604	
Retirement	19,083	
Other benefits	<u>13,896</u>	
Total fringe benefit expense	<u>\$ 288,142</u>	
Fringe benefit expenses	<u>\$ 288,142</u>	= 48.32%
Total labor costs	\$ 596,305	

Indirect Costs

Indirect costs which support all projects, are allocated to the various projects based on the allocation rate applied to the projects direct labor and fringe benefit charges. The indirect cost rate developed and used by the Commission for the fiscal year ended June 30, 2023 was 43.21% and was calculated as follows:

Total indirect costs	<u>\$ 314,116</u>	= 43.21%
Direct labor and fringes	\$ 726,921	



CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 (CONTINUED)

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NOTE 10—INDIRECT COST ALLOCATIONS: (CONTINUED)

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Indirect Costs: (Continued)

The following items are included in the indirect costs allocated to projects:

<b><u>Indirect Personnel Costs</u></b>	
Indirect Chargeable Salary	\$ 105,580
Employee Benefit Rate	50,818
Total Indirect Personnel Costs	<u>\$ 156,398</u>
<b><u>Office Expenses</u></b>	
Auditing Services	\$ 6,000
Payroll Accounting Services	8,934
Legal Services	1,030
Liability Insurance (General Liability Insurance)	991
Contractual Services (Management Consulting Services)	16,163
Postage	640
Telephone	6,330
Internet Services	827
Office Supplies	4,147
Printing & Binding	523
Travel	8,251
Special Meetings	3,467
Education & Training (Travel - Convention & Education)	1,925
Dues, Subscriptions (Dues & Association Memberships)	13,584
Publications (Books & Subscriptions)	189
Miscellaneous Expenses (Miscellaneous Administrative Expenses)	1,133
Rental Office Equipment (Lease/Rent - Equipment)	2,735
Office Rent/(Lease/Rent - Buildings)	60,939
Computer Equipment/Software (EDP Equipment)	19,910
Total Office Expenses	<u>\$ 157,718</u>
Total Indirect Costs	<u>\$ 314,116</u>
<b><u>DIRECT CHARGEABLE PERSONNEL COSTS</u></b>	
Direct Chargeable Salaries	\$ 490,724
Employee Benefit Rate	236,197
Total Direct Chargeable Personnel Costs	<u>\$ 726,921</u>
<b><u>CALCULATION OF INDIRECT COST ALLOCATION RATE</u></b>	
Total Indirect Costs	\$ 314,116
Total Direct Chargeable Personnel Costs	<u>\$ 726,921</u>

## CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

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#### NOTE 11—CONTINGENT LIABILITIES:

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Federal programs in which the Commission participates were audited in accordance with the provisions of the Uniform Guidance. Pursuant to the provisions of Uniform Guidance all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, the federal government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

#### NOTE 12—JOINT VENTURE:

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Central Virginia Radio Communications Board, established as a committee of Central Virginia Planning District Commission's, is a joint venture formed in 1996, by a cooperative agreement between the County of Amherst, Virginia, the County of Bedford, Virginia, and the City of Lynchburg, Virginia, collectively the Member Jurisdictions, and Central Virginia Planning District Commission. The Board consists of representatives from each of the Member Jurisdictions.

The purpose of the Board is to operate the regional emergency communications system and to manage the project operations and maintenance in an efficient and cost effective manner. The system was in need of significant upgrades or replacement to maintain or improve the level of emergency services provided by the Member Jurisdictions. On May 8, 2012, the Commission, as fiscal agent, issued a bond in the amount of \$13,100,000 to finance the equipping of a new emergency communications system. The allocation of payments made to reimburse operational costs, capital costs, and any annual deficit associated with the project and system was determined pursuant to the following cost allocation methodology:

##### Capital Costs:

- Amherst County - 28.00%
- Bedford County - 41.90%
- City of Lynchburg - 30.10%

In FY21, Campbell County joined the Board. Campbell County paid \$1,620,883.

**Operating Costs:** Each Member Jurisdiction's share of annual operating costs shall be based on the number of radios on the System attributable to the Member Jurisdiction as a percentage of total Member Jurisdiction radios on the System.

**Annual Deficit:** Each Member Jurisdiction's share of any Annual Deficit shall be based on the formulas for determining its share of Capital Costs or Operating Costs, or a combination of both formulas as appropriate, depending on the type of costs constituting the Annual Deficit. Any unforeseen Operating Costs not included in the Annual Budget shall be treated as part of the Annual Deficit.

The payments made by Member Jurisdictions to the Commission as described above are recorded as non-operating revenue with the exception of payments received for project costs, which are recorded as contributed capital.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 (CONTINUED)

NOTE 13—LONG-TERM OBLIGATIONS:

On May 8, 2012, the Central Virginia Planning District Commission issued a Series 2012 Public Facilities Revenue Bond in the amount of \$13,100,000 to finance the equipping of a new emergency communications system. In February 2022, the remaining balance was refunded with a Series 2022 Public Facilities Revenue Bond in the amount of \$6,035,000. The Commission is responsible for making debt service payments from payments received from each Member Jurisdiction. The bonds are secured by the payments/revenue received from Member Jurisdictions and emergency communications equipment purchased with bond proceeds. Additional details on this bond are available later in this note.

A summary of long-term obligations is presented below:

For the year ended June 30, 2023:

	<u>Balance July 1, 2022</u>	<u>Issuances/ Additions</u>	<u>Retirements/ Reductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Direct Borrowings and Placements:					
Revenue bonds	\$ 5,111,000	\$ -	\$ 992,000	\$ 4,119,000	\$ 1,007,000
Compensated absences	71,794	-	33,590	38,204	38,204
Lease liabilities	483,746	379,826	188,142	675,430	143,619
Net OPEB liabilities	51,867	36,099	32,828	55,138	-
Totals	<u>\$ 5,718,407</u>	<u>\$ 415,925</u>	<u>\$ 1,246,560</u>	<u>\$ 4,887,772</u>	<u>\$ 1,188,823</u>

Annual requirements to amortize long-term obligations and related interest are as follows:

<u>Fiscal Year Ended June 30</u>	<u>Direct Borrowings and Placements</u>		<u>Leases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,007,000	\$ 124,944	\$ 143,619	\$ 15,480
2025	1,022,000	95,152	150,081	13,683
2026	1,037,000	64,418	91,040	10,405
2027	1,053,000	32,710	89,066	7,378
2028	-	-	95,198	4,147
2029-2033	-	-	99,429	5,820
2034	-	-	6,997	29
Total	<u>\$ 4,119,000</u>	<u>\$ 317,224</u>	<u>\$ 675,430</u>	<u>\$ 56,942</u>
Less current portion:	<u>1,007,000</u>	<u>124,944</u>	<u>143,619</u>	<u>15,480</u>
Noncurrent portion:	<u>\$ 3,112,000</u>	<u>\$ 192,280</u>	<u>\$ 531,811</u>	<u>\$ 41,462</u>

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 (CONTINUED)

NOTE 13—LONG-TERM OBLIGATIONS: (CONTINUED)

Details of long-term obligations:

	<u>Amount Outstanding</u>
<u>Direct Borrowings and Direct Placements:</u>	
<u>Revenue bonds:</u>	
\$6,035,000 Series 2022 Public Facilities Revenue Bond dated February 10, 2022 due in varying annual principal installments from May 1, 2022 to May 1, 2027. Interest at 1.37% is payable semi-annually at May 1 and November 1.	\$ <u>4,119,000</u>
<u>Other Liabilities:</u>	
<u>Lease liabilities:</u>	
Lease agreement for the use of office space due in varying monthly principal installments ending July 2028. A discount rate of 3.82% was used for this lease.	\$ 354,082
Lease agreement for the use of tower space with monthly payments of \$5,003 through October 2022 and 1.50% annual increases thereafter until July 2025. A discount rate of 1.00% was used for this lease.	127,945
Lease agreement for the use of tower space with monthly payments of \$862 through September 2025. A discount rate of 1.00% was used for this lease.	23,024
Lease agreement for the use of land with monthly payments of \$1,267 through October 2022 and 3.00% annual increases thereafter until October 2033. A discount rate of 2.07% was used for this lease.	<u>170,379</u>
Total lease liabilities	<u>\$ 675,430</u>
Compensated absences	<u>\$ 38,204</u>
Net OPEB liabilities	<u>\$ 55,138</u>
Total long-term obligations	<u><u>\$ 4,887,772</u></u>

NOTE 14—UPCOMING PRONOUNCEMENTS:

Statement No. 99, *Omnibus 2022*, addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, and for the Commission will be effective for reporting periods beginning after June 15, 2023

Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*, provides more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability for accounting changes and error corrections. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 (CONTINUED)

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NOTE 14—UPCOMING PRONOUNCEMENTS: (CONTINUED)

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Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023*, effective for fiscal years beginning after June 15, 2023.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

## Required Supplementary Information

Schedule of Commission's Proportionate Share of the Net Pension Asset  
For the Measurement Dates of June 30, 2014 through June 30, 2022

Measurement Date	Commission's Proportion of the Net Pension Asset (NPA)	Commission's Proportionate Share of the NPA (a)	Commission's Covered Payroll (b)	Commission's Proportionate Share of the NPA as a Percentage of Covered Payroll (a)/(b)	Plan Fiduciary Net Position as a Percentage of Total Pension Asset
2022	43.9100% \$	706,010 \$	728,842	96.87%	140.97%
2021	43.9100%	757,067	727,481	104.07%	146.22%
2020	43.9100%	440,363	896,218	49.14%	129.29%
2019	48.1400%	531,644	874,489	60.79%	141.39%
2018	48.1400%	512,833	844,650	60.72%	145.61%
2017	48.1400%	465,335	637,007	73.05%	146.06%
2016	42.7000%	266,609	703,759	37.88%	131.99%
2015	42.7000%	294,516	626,889	46.98%	141.90%
2014	52.0000%	231,364	703,759	32.88%	146.20%

This schedule is intended to show information for 10 years. However, information prior to the 2014 valuation is not available. Additional years will be included as they become available.

## Schedule of Employer Contributions

## Pension Plan

Years Ended June 30, 2014 through June 30, 2023

<u>Date</u>	<u>Contractually Required Contribution*</u>	<u>Contributions in Relation to Contractually Required Contribution*</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2023	\$ 25,609	\$ 25,609	\$ -	\$ 718,045	3.57%
2022	33,701	33,701	-	728,842	4.62%
2021	26,497	26,497	-	727,481	3.64%
2020	39,033	39,033	-	896,218	4.36%
2019	41,894	41,894	-	874,489	4.79%
2018	49,714	49,714	-	844,650	5.89%
2017	39,903	39,903	-	637,007	6.26%
2016	52,488	52,488	-	703,759	7.46%
2015	46,854	46,854	-	626,889	7.47%
2014	52,488	52,488	-	703,759	7.46%

\* Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.



Notes to Required Supplementary Information  
Pension Plan  
Year Ended June 30, 2023

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**Changes of benefit terms** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios  
 Health Insurance Plan  
 Years Ended June 30, 2018 through June 30, 2023

	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>						
Service cost	\$ 4,205	\$ 4,625	\$ 8,595	\$ 7,443	\$ 7,127	\$ 7,185
Interest	509	1,725	1,852	3,690	4,256	4,076
Changes in assumptions	647	1,534	132	(3,167)	1,464	(1,499)
Differences between expected and actual experience	-	(71,522)	-	(12,820)	-	-
Benefit payments	(1,430)	(1,427)	(19,621)	(16,160)	(19,242)	(13,178)
<b>Net change in total OPEB liability</b>	\$ 3,931	\$ (65,065)	\$ (9,042)	\$ (21,014)	\$ (6,395)	\$ (3,416)
<b>Total OPEB liability - beginning</b>	10,866	75,931	84,973	105,987	112,382	115,798
<b>Total OPEB liability - ending</b>	\$ 14,797	\$ 10,866	\$ 75,931	\$ 84,973	\$ 105,987	\$ 112,382
<b>Covered payroll</b>	\$ 28,921	\$ 23,458	\$ 125,816	\$ 149,350	\$ 203,642	\$ 231,174
<b>Commission's total OPEB liability (asset) as a percentage of covered payroll</b>	51.16%	46.32%	60.35%	56.90%	52.05%	48.61%

Notes to Required Supplementary Information  
 Health Insurance Plan  
 Year Ended June 30, 2023

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Valuation Date: January 1, 2022  
 Measurement Date: June 30, 2023

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

*Methods and assumptions used to determine OPEB liability:*

Actuarial Cost Method	Entry Age Normal cost method
Discount Rate	3.65% as of June 30, 2023
Inflation	2.50% per year as of June 30, 2023
Healthcare Trend Rate	6.90% - 3.90% over 50 years
Salary Increase Rates	Salary increase rates of 3.50% - 5.35% including inflation
Demographic Assumptions	Assumed 90% of future retirees under normal retirement will elect to continue medical coverage and 60% under normal retirement that will also elect to cover their spouse. Assumed 30% of participants retiring due to disability before normal retirement eligibility will elect coverage and include their spouse.

Schedule of Commission's Share of Net OPEB Liability  
 Group Life Insurance (GLI) Plan  
 For the Measurement Dates of June 30, 2017 through June 30, 2022

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<u>Date</u>	<u>Commission's Proportion of the Net GLI OPEB Liability (Asset)</u>	<u>Commission's Share of the Net GLI OPEB Liability (Asset) (a)</u>	<u>Commission's Covered Payroll (b)</u>	<u>Commission's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (a)/(b)</u>	<u>Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability</u>
2022	0.00334%	\$ 40,341	\$ 728,842	5.53%	67.21%
2021	0.00351%	41,001	727,481	5.64%	67.45%
2020	0.00397%	66,317	896,218	7.40%	52.64%
2019	0.00405%	72,617	874,489	8.30%	52.00%
2018	0.00407%	67,396	844,650	7.98%	51.22%
2017	0.00355%	58,730	637,007	9.22%	48.86%

This schedule is intended to show information for 10 years. However, information prior to the 2017 valuation is not available. Additional years will be included as they become available.

Schedule of Employer Contributions  
 Group Life Insurance (GLI) Plan  
 Years Ended June 30, 2017 through June 30, 2023

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<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2023	\$ 3,958	\$ 3,958	\$ -	\$ 718,045	0.55%
2022	3,936	3,936	-	728,842	0.54%
2021	3,928	3,928	-	727,481	0.54%
2020	4,660	4,660	-	896,218	0.52%
2019	4,661	4,661	-	874,489	0.53%
2018	4,426	4,426	-	844,650	0.52%
2017	2,888	2,888	-	637,007	0.45%

This schedule is intended to show information for 10 years. However, information prior to the 2017 valuation is not available. Additional years will be included as they become available.

Notes to Required Supplementary Information  
 Group Life Insurance (GLI) Plan  
 Year Ended June 30, 2023

---

**Changes of benefit terms** - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Non-Largest Ten Locality Employers - General Employees**

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

## **Compliance**



**Independent Auditors' Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

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**To the Board of Directors  
Central Virginia Planning District Commission  
Lynchburg, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Central Virginia Planning District Commission as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Central Virginia Planning District Commission's basic financial statements and have issued our report thereon dated December 13, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Central Virginia Planning District Commission's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central Virginia Planning District Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of Central Virginia Planning District Commission's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Virginia Planning District Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
December 13, 2023



**Independent Auditors' Report on Compliance for Each Major Program and on  
Internal Control over Compliance Required by the Uniform Guidance**

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To the Board of Directors  
Central Virginia Planning District Commission  
Lynchburg, Virginia

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Central Virginia Planning District Commission's compliance with the compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Central Virginia Planning District Commission's major federal programs for the year ended June 30, 2023. Central Virginia Planning District Commission's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Central Virginia Planning District Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Central Virginia Planning District Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Central Virginia Planning District Commission's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Central Virginia Planning District Commission's federal programs.

## ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Central Virginia Planning District Commission's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Central Virginia Planning District Commission's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Central Virginia Planning District Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Central Virginia Planning District Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Central Virginia Planning District Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

## Report on Internal Control over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia

December 13, 2023

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>Environmental Protection Agency</b>			
Direct payments:			
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreement	66.818	n/a	41,898
Pass-through payments:			
Virginia Department of Environmental Quality Geographic Programs - Chesapeake Bay Program	66.466	unavailable	\$ <u>43,500</u>
Total Environmental Protection Agency			\$ <u>85,398</u>
<b>Department of Labor</b>			
Pass-through payments:			
Virginia Community College System:			
City of Lynchburg, Virginia:			
Workforce Innovation and Opportunity Act Cluster:			
WIOA Adult Program	17.258	LWDA 7	\$ 505,711
WIOA Youth Activities	17.259	LWDA 7	630,739
WIOA Dislocated Worker Formula Grants	17.278	LWDA 7	<u>341,030</u>
Subtotal Workforce Innovation and Opportunity Act Cluster			\$ <u>1,477,480</u>
Total Department of Labor			\$ <u>1,477,480</u>
<b>Department of Transportation</b>			
Pass-through payments:			
Virginia Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	FY-21	\$ 96,367
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	unavailable	<u>27,844</u>
Total Department of Transportation			\$ <u>124,211</u>
Total expenditures of federal awards			\$ <u><u>1,687,089</u></u>

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2023

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**Note 1- Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Central Virginia Planning District Commission under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Central Virginia Planning District Commission, it is not intended to and does not present the financial position, changes in net position, or cash flows of Central Virginia Planning District Commission.

**Note 2 - Summary of Significant Accounting Policies**

(1) Expenditures on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

(3) The Commission did not have any loans or loan guarantees which are subject to reporting requirements for the year.

**Note 3 - Subrecipients**

No awards were passed through to subreipients.

**Note 4 - Indirect Cost Rate**

The Commission did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

**Note 5 - Relationship to Financial Statements**

Federal expenditures, revenues and capital contributions are reported in the Commission's financial statements as follows:

Primary government:	
Operating activities	\$ <u>1,687,089</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u>1,687,089</u>

CENTRAL VIRGINIA PLANNING DISTRICT COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2023

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**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major programs:

Federal  
Assistance

Listing #

Name of Federal Program or Cluster

Workforce Innovation and Opportunity Act Cluster	
17.258	WIOA Adult Program
17.259	WIOA Youth Activities
17.278	WIOA Dislocated Worker Formula Grants

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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**Section II - Financial Statement Findings**

There are no financial statement findings to report.

**Section III - Federal Award Findings and Questioned Costs**

There are no federal award findings and questioned costs to report.

**Section IV - Prior Year Audit Findings**

There were no prior year audit findings.